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REVIEW OF THE SYSTEM FOR THE ALLOCATION OF UNFPA RESOURCES TO COUNTRY PROGRAMMES

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I. INTRODUCTION

1. The present report has been prepared in response to Executive Board decision 96/15, paragraph 9, in which the Board requested the Executive Director to undertake, starting in the year 2000, a quinquennial review of the system for resource allocation approved in decision 96/15 and described in document DP/FPA/1996/15, "A revised approach for the allocation of UNFPA resources to country programmes". This review includes an assessment of the indicators used to establish the relative shares of resources for and nature of assistance provided to UNFPA programme countries.

2. The present report begins by reviewing the experience of the past four years and examines the progress made in implementing the current resource allocation system since it began in 1996. The overall experience has shown that the system of allocating resources adopted in decision 96/15 has resulted in a marked increase in the overall share of resources going to those countries in greatest need of support. In general, the system is within close reach of the target allocation percentages set by the Executive Board in decision 96/15. The report also proposes an updating of the methodology for allocating UNFPA resources by incorporating new interim benchmarks that constitute part of the "Key actions for the further implementation of the Programme of Action of the International Conference on Population and Development (ICPD)" (General Assembly resolution S-21/2) that were agreed at the 21st special session of the United Nations General Assembly in July 1999, which was the culmination of the "ICPD+5" process. The present report recommends continuation of the basic framework and overall principles guiding the resource allocation system agreed to in 1996 with the addition of the ICPD+5 benchmarks.

3. Since 1977, UNFPA has been utilizing a system to focus resources on the countries most in need of UNFPA assistance. The most recent system approved by the Executive Board in 1996 replaced the previous resource allocation system – established in 1977 – which utilized various socio-economic and demographic criteria and thresholds to identify priority countries for UNFPA assistance. After 1977 there had been continuing discussions on ways to improve that system. Following the ICPD in 1994, the Executive Director submitted proposals to the Executive Board for a new allocation system that reflected the quantitative and qualitative goals of the ICPD, especially in the areas of mortality reduction, access to education, and access to reproductive health services, including family planning. At its second regular session 1996, the Board adopted, in decision 96/15, the revised approach for the allocation of the Fund's resources to country programmes that was outlined in document DP/FPA/1996/15.

4. Under decision 96/15, three major categories of programme countries were established. Countries that have the greatest need for external assistance are categorized into Group A. Approximately 67-69 per cent of the Fund's programme resources are to be allocated to this

group (see table 1 on p. 4). Group A countries meet 0-3 of the thresholds for the chosen indicators (see para. 16). All countries listed as "least developed countries" (LDCs) at the time of the decision were included in this group. This categorization reflected decision 1995/51 of the Economic and Social Council that had called on the United Nations funds and programmes to continue to give high priority in their budget allocations to the LDCs, low-income countries and Africa.

5. Group B includes countries that have made considerable progress towards achieving the ICPD goals (meeting the threshold levels of 4-6 of the target indicators) or whose annual per capita GNP was greater than $750. Approximately 22-24 per cent of UNFPA resources are to be allocated to Group B countries. Group C comprises developing countries that have demonstrated significant progress by meeting all 7 of the thresholds for ICPD-goal indicators. Approximately 5-7 per cent of programme resources are to go to Group C countries. Assistance to "C" countries is focused in such a way as to ensure that adverse economic conditions and/or other situations do not compromise gains already made. Assistance for South-South cooperation is focused on, but not limited to, Group C countries. While Group A countries require more broad-based technical as well as financial assistance to enable them to achieve ICPD goals, Group B and C countries need assistance that is more focused on specific thematic issues and/or geographic regions.

6. In addition to the three groups listed above, two additional categories were established by decision 96/15. Group T includes countries with economies in transition, which – as noted in the ICPD Programme of Action (para. 14.15) – have specific needs for external assistance, on a temporary basis. Another group comprises small developing countries (populations less than 150,000) for which the United Nations Population Division does not provide detailed data, as well as those countries that are net contributors to the United Nations system. Approximately 3-4 per cent of resources (on a temporary basis) are to be allocated for countries with economies in transition and 0.5 per cent of resources are to be allocated to other (or "O") countries.

7. While decision 96/15 set out target allocation shares for each country group, further criteria, including such factors as population size and growth, are employed to distribute resources to individual countries within each group. The amount of resources and the nature of assistance provided to each country is determined as the result of a comprehensive assessment of the country's needs, which is made through a Country Population Assessment (CPA) or, increasingly, through a United Nations system-wide Common Country Assessment (CCA). The appropriate scope of UNFPA's intervention is made through a consultative process that involves, *inter alia*, the Government, the UNFPA Representative, UNFPA headquarters and a UNFPA Country Technical Services Team (CST). The assessment – conducted within the overall framework of the ICPD Programme of Action – is influenced by such other factors as the country's own development plan, assistance being provided by other donors and by the provisions of the United Nations Development Assistance Framework (UNDAF).

II. TRENDS IN EXPENDITURES BY COUNTRY GROUP, 1996-1999[1]

8. The current resource allocation system has assured a gradual shift of UNFPA resources towards the target shares established in decision 96/15, thereby increasing the share of resources allocated to countries in which the level of development is lowest. In 1995, prior to the establishment of the current system, 56.3 per cent of total country expenditures went to those countries that would subsequently be categorized into Group A; in the period 1996-1999, the average share for those countries reached 62.4 per cent. In 1999, the share of resources to Group A increased to a high of 63.7 per cent,[2] thereby approaching the target share set by the Executive Board (see table 1). Based on these trends, it appears that the target resource shares for country categories set out by the Executive Board through decision 96/15 are within close reach.

Table 1: Trend in share of country expenditures by priority group

Group (No. of countries)	Target shares per decision 96/15	Expenditures, 1995*		Average yearly expenditures, 1996-1999		Expenditures, 1999	
	%	$ (millions)	%	$ (millions)	%	$ (millions)	%
A (62)	67-69	103.6	56.3	106.1	62.4	96.1	63.7
B (39)	22-24	60.4	32.9	46.3	27.2	36.9	24.5
C (12)	5-7	13.8	7.5	7.3	4.3	8.5	5.6
Grand Total**	100	184.0	100.0	170.0	100.0	150.9	100.0

* Prior to decision 96/15.

** Includes amounts for "T" and "O" countries not reflected in the table.

9. The trend outlined in paragraph 8 is particularly positive in that this shift of resources was accomplished in less than four years, i.e., it took place within the average duration of the Fund's programming cycle. The shift of resources in the direction of the target shares would have been even more pronounced if UNFPA had not experienced resource shortfalls that resulted in funding cutbacks. This particularly affected Group A countries because of the larger level of resources that had been planned to go to those countries.

10. During the period 1996-1999, the Executive Board approved four workplans. The annual income estimate for the four-year period averaged $316 million, an amount that reflected the expectation that, given the momentum generated by the ICPD, increasing resources would be made available for population and reproductive health programmes. New country programmes were submitted to and approved by the Board in accordance with this level of resources and

[1] The current allocation system is for the period 1996-2000, but data are not available for 2000.

[2] For 1999 expenditures, by country category, see document DP/FPA/2000/15, Annual Financial Review, 1999.

consistent with the share distribution among country groupings set out in decision 96/15. However, after peaking at $312.6 million in 1995, UNFPA's income from regular resources decreased steadily during the period 1996-1999 to a low of $254.2 million in 1999. The Fund's annual regular resource income averaged $282 million over the four years, only 89 per cent of the average planned income. Consequently, new country programmes approved between 1996 and 1999 received fewer resources than had been planned.

11. In addition, a number of category A countries, including those that experienced civil unrest or natural disasters, did not have the optimal absorptive capacity to expend the planned resources and to implement the country programme as approved. The building of institutional capacities in developing countries, particularly in the least developed countries including several African countries, is influenced by a number of factors. These include the national policy environment; the evolution towards more complex programmes; the transition from agency execution to national execution; and weaknesses in programme management. Based on the review of expenditures by country over the period 1996-1999, it appears that lack of or limited absorptive capacity indeed played a role in preventing the share of expenditures for Group A from fully reaching the target shares set by the Executive Board – although, by 1999, expenditures had come within 3 percentage points of reaching the target share.

12. Increasing the absorptive capacity of programme countries is a major area of focus for UNFPA. In response to the Executive Board's request in decision 96/27, the Fund carried out a study on ways to increase the absorptive capacity and financial resource utilization in UNFPA programme countries. The study was presented to the Board at its annual session in 1998 (document DP/FPA/1998/4). In addition to discussing areas of concern to Governments and the United Nations system as a whole, it included concrete recommendations for actions that UNFPA can take. As a result, UNFPA has taken a number of steps to ensure that all new country programmes are designed in such a way that special attention is paid to absorptive capacity issues.

13. Finally, it should be noted that, in order to enable the Fund to honor its financial commitment to country programmes approved in years preceding 1996, the Executive Board recommended in paragraph 8 of decision 96/15 that the shift of resources to target shares be introduced in a phased manner, taking into account both the stage of the current cycle of assistance and the status of programme implementation in individual countries.

III. REVIEW OF COUNTRIES' PERFORMANCE IN ATTAINING ICPD GOALS

14. A review of countries' ability to meet the ICPD goals was undertaken during 1998 and 1999. This process, called ICPD+5, was characterized by broad United Nations system-wide participation and the involvement of a wide range of Governments and organizations from civil society. The ICPD+5 review determined that much progress had been made in implementing the

consensus reached at the ICPD in 1994. In particular, progress had been made in refocusing policies and strategies to take account of the Cairo agenda. Many countries have taken steps to integrate population concerns into their development strategies and have made policy, legislative and/or institutional changes in the areas of population and development and reproductive health and rights. A number of countries have adopted a rights-based approach to reproductive health and family planning. Steps are being taken to provide comprehensive services in many countries, with an increasing emphasis being placed on quality of life. The increasing use of family planning methods indicates that there is greater accessibility to family planning services. Many countries have taken steps to promote gender equality and the empowerment of women and to address adolescent reproductive health concerns. Mortality has continued to decline in most countries. The devolution of government responsibilities to lower levels, improved transparency in governance, recognition of the important role of civil society and the expanded activity of voluntary associations have also served to facilitate implementation of the ICPD Programme of Action.

15. However, full implementation of the Programme of Action is a long way off, and progress has been uneven. Not all countries have the financial means and the human resources to achieve the goals of the ICPD. Some do not have the necessary political commitment. As a result, some countries are still at the very early stages of implementing the Programme of Action. As noted above, in some parts of the world, severe financial crises, natural disasters, social instability, conflict and civil unrest have had major consequences for health and development and have adversely affected the ability of those countries to achieve the ICPD goals. In many countries, the poorest segments of society continue to live without adequate access to basic social services. Clearly, much more remains to be done.

16. The progress that developing countries have made in attaining ICPD goals is reflected in the degree to which countries have reached the thresholds that are part of UNFPA's resource allocation system approved by the Executive Board in 1996. Thresholds were set for indicators in each of three major areas: access to reproductive health, mortality reduction, and universal education, especially of girls. The indicators were chosen because they each measured an important dimension of the three goals and had uniform definitions and because relevant data were generally available from internationally recognized sources for all developing countries and were based on recent and comparable information. The seven indicators and thresholds selected for inclusion in the approach for resource allocation in 1996 were as follows:

- Proportion of deliveries attended by trained health personnel $\geq$ 60 per cent
- Contraceptive prevalence rate $\geq$ 55 per cent
- Proportion of population having access to basic health services $\geq$ 60 per cent
- Infant mortality rate $\leq$ 50 infant deaths per 1,000 live births

- Maternal mortality ratio ≤ 100 maternal deaths per 100,000 live births
- Gross female enrolment rate at the primary level ≥ 75 per 100 eligible population
- Adult female literacy rate ≥ 50 per cent

17. The original set of seven ICPD indicators and the original thresholds outlined in document DP/FPA/1996/15 can be compared against current data to gain a picture of what progress has been made since 1996. Such an analysis shows some advances in that a total of 13 of the countries would move from either Group A to Group B or from Group B to Group C.[3] At the same time, only one country would move from "B" to "A". This is one indication that some progress has been made in the last four years towards meeting ICPD goals.

18. A detailed analysis by indicator was carried out in order to compare the average number of developing countries that had met the threshold for each one of the indicators in 1996 with the average number of developing countries that met the threshold for the same indicators four years later. This analysis also revealed that, overall, countries had progressed towards meeting ICPD goals between 1996 and 1999. While in 1996 each developing country had met, on average, 43 per cent of the thresholds, that average increased to 49 per cent in 1999. This indicates that, overall, developing countries are halfway towards achieving those ICPD goals.

19. The present review of countries' performance between 1996 and 1999 also underscores the importance of good quality, up-to-date and comparable data. Without such data it is extremely difficult to assess progress in achieving results. Advocacy strategies need to be aimed at both international and national policy makers to raise awareness of the importance of data and indicators, to help establish a culture for evidenced-based decision-making and to ensure that capacity is built at the country level for data collection, analysis and reporting. Such advocacy strategies should also specifically target the donor community to ensure greater support for data collection activities and to raise awareness of the potential policy complications and resource allocation imbalances that can arise if decisions are not based on recent and reliable data.

IV. AN UPDATED APPROACH TO RESOURCE ALLOCATION FOR COUNTRY PROGRAMMES

20. A review of the current resource allocation system was undertaken with a view to updating the methodology to determine whether existing indicators and thresholds are still valid and to identifying new indicators to be included to reflect new benchmarks resulting from the ICPD+5 process. The review also focused on availability of data and assessed the degree of consensus within the United Nations system on indicators and thresholds. It was considered essential that the indicators selected objectively measure distance from their respective goals,

[3] Only changes between categories A, B and C are highlighted here.

have uniform definitions, be up to date and readily available for all developing countries and come from internationally recognized sources.

21. The review process concluded that five of the original indicators should be maintained in the updated resource allocation system: (a) births with skilled attendants; (b) contraceptive prevalence rate; (c) infant mortality rate; (d) maternal mortality ratio, and (e) adult female literacy rate. These indicators satisfactorily captured an important dimension of each ICPD goal and performed well in measuring countries' progress towards meeting the ICPD goals and in categorizing countries eligible for UNFPA support according to their needs for specific types of assistance.

22. One of the seven original ICPD indicators – proportion of population having access to basic health services – was dropped because updated values were not readily available for all countries and because the operational definition for this indicator is under review by international agencies.

23. A second original ICPD indicator included in the methodology, gross female enrolment at the primary level, was also dropped. Experience has shown that, since it does not take into consideration the high drop-out rates for girls in developing countries at the primary level, this indicator focuses more on past trends in enrolment rather than on prospective and sustainable progress in education. Also, analysis revealed that this indicator is so closely correlated with the other chosen ICPD indicators that its exclusion from the methodology would not affect the categorization of countries. A replacement indicator is therefore being proposed – secondary net enrolment ratio (ratio of female to male enrolment ratios at the secondary level) – which specifically takes into account the gender equality dimension.

24. The next step in the review process was to ensure that the updated methodology adequately reflected the new benchmarks for measuring progress towards reaching ICPD goals that were agreed upon at the 21st special session of the United Nations General Assembly in the "Key actions for further implementation of the Programme of Action of the ICPD". Both the Population and Statistical Divisions of the United Nations assisted in ensuring that both new indicators and thresholds appropriately reflected the "Key actions" document of the ICPD+5.

25. The key areas identified by the ICPD+5 as requiring concerted action include, *inter alia*:

(a) The HIV/AIDS pandemic, the most important factor affecting mortality rates in the short term. In a number of sub-Saharan African countries, the epidemic has greatly reduced population growth rates and generated enormous social costs. It is estimated that 95 per cent of those currently infected with HIV/AIDS live in developing countries.

(b) The needs of adolescents in the area of reproductive and sexual health. There are

currently over 1 billion people aged between 15 and 24, the largest number of people in this age group in the history of humanity. Many of these young people are at risk of unwanted pregnancies, HIV/AIDS and sexually transmitted diseases (STDs) and/or sexual exploitation.

(c) Gender imbalances, particularly in education. The ICPD+5 review called on countries to promote the rights of women and girls. Many advances in this area have been made since Cairo, but much more needs to be done to address new threats and persistent inequalities.

26. The seven ICPD indicators in the current country categorization do not specifically address these three areas. In order to ensure that the resource allocation system reflects emerging concerns and internationally agreed priorities, UNFPA proposes to add the following indicators:

(a) Proportion of population aged 15-24 living with HIV/AIDS;[4]
(b) Adolescent fertility rate;
(c) Secondary net enrolment ratio.

27. The indicators used for the updated methodology, their respective threshold levels and goals are summarized in the table below. (See the annex for definitions and sources.)

Table 2: Indicators and thresholds for the updated resource allocation approach

Goal	Indicator	Reference	Threshold
Access to reproductive health	Births with skilled attendants	ICPD	≥ 60%
	Contraceptive prevalence rate	ICPD	≥ 55%
	Proportion of population aged 15-24 living with HIV/AIDS	**ICPD+5**	**≤ 10%**
	Adolescent fertility rate	**ICPD+5**	**≤ 65 per 1,000 women aged 15-19**
Mortality reduction	Infant mortality rate	ICPD	≤ 50 per 1,000 live births
	Maternal mortality ratio	ICPD	≤ 100 per 100,000 live births
Universal primary education	Adult female literacy rate	ICPD	≥ 50%
Gender balance in education	Secondary net enrolment ratio	ICPD+5	≥ 100%

[4] At a July 2000 meeting of United Nations agencies on reproductive health indicators for global monitoring, experts identified the percentage of pregnant women aged 15-24 who are HIV positive as a key indicator. However, data for such an indicator are as yet not uniformly reported by countries whereas those for the proposed indicator are widely available through UNAIDS at the country level.

28. As with the approach that was approved in 1996, in classifying countries the proposed methodology only takes into consideration developing countries. Among those countries that are listed as "developing" by the United Nations, two sets of countries would automatically be assigned to Group O ("others"). The first of these sets is made up of net contributor countries (NCCs).[5] The second set is composed of countries with a population totaling 150,000 or less. Countries with economies in transition (Group T) would be treated separately from developing countries as per the current United Nations practice.

29. The remaining developing countries would be classified into groups A, B or C according to the number of threshold levels of the chosen criteria that they met and their per capita GNP. Any country that met the threshold levels of only 0-4 indicators and had an annual per capita GNP of less than $900 would be included in Group A. All LDCs[6] would automatically be included in Group A. Developing countries that have met the threshold levels for 5-6 indicators or those whose annual per capital GNP is $900[7] or more would be categorized as Group B countries. Finally, developing countries that met threshold levels for 7-8 indicators would be categorized into Group C. Updating the methodology so that it is based on 8 rather than 7 indicators would therefore also entail a slight revision in the current grouping criteria. The nature of the assistance provided by UNFPA to each group would remain the same as described in document DP/FPA/1996/15 and approved by the Board through decision 96/15.

30. The updated set of eight indicators is consistent with the set of indicators selected in the context of the UNFPA multi-year funding framework[8] in that it effectively reflects the Fund's organizational goals: (a) that all couples and individuals are able to enjoy good reproductive health, including family planning and sexual health, throughout life; (b) that there is a balance between population dynamics and social and economic development; and (c) that gender equality and empowerment of women are achieved. As is the case for the current system, the proposed updated system gives extra weight to the reproductive health dimension, in line with the programming priorities set out by the Executive Board in decision 95/15 and endorsed in decision 2000/11. The set of indicators also reflects gender as a cross-sectoral concern.

31. Thresholds for the five ICPD indicators maintained from the current classification system were kept at the same levels as in the 1996 classification. The review of the methodology has shown that, although progress has been made by a number of countries, as of 2000 many other countries have not been able to meet the thresholds set in 1996. They therefore remain as goals

[5] As listed in UNDP document DP/2000/17, "The successor programming arrangements".
[6] As determined by the Committee for Development Policy of the United Nations Department of Economic and Social Affairs in publication E.00.II.A.4.
[7] 1998 GNP per capita as determined by the World Bank. The income threshold was updated from $750 to $900 in line with paragraph 5 of decision 99/2 of the UNDP/UNFPA Executive Board on UNDP's successor programming arrangements.
[8] Document DP/FPA/2000/16.

to be attained by 2005. For the three new indicators addressing new key areas, thresholds were also set for 2005 based on the quantitative goals established at the 21st special session of the United Nations General Assembly as well as on the recent performance of developing countries.

32. The major outcome of the updated system with new indicators is a revised classification of countries for which the results are summarized in tables 3 and 4. Changes in classification are proposed for 21 countries, with 13 countries progressing from "A" to "B" or from "B" to "C" and 4 countries moving from "B" to "A" or from "C" to "B",[9] and 4 countries moving to the "other" (O) category (three from "C", one from "B").

Table 3: Change in country classification

Group	Number of countries in current classification	Number of countries in updated classification: Total	Number of which from current category: A	B	C
A	62*	62	59*	3	-
B	39	27	3	23	1
C	12	20	-	10	10
Subtotal	113	109			
O	37	41	-	3**	1***
T	27	27	-	-	-
Total	177	177			

* Includes East Timor, which is not included in 1996 classification.

** For one country, the change in classification is due to inclusion in updated NCC list; for two countries, it is due to population size (less than 150,000).

*** Change in classification is due to inclusion in updated NCC list.

Table 4: Summary of proposed country classification 2001-2005, by region

Region	Proposed categorization: A	B	C	Total
Africa	38	5	1	44
Arab States	5	5	4	14
Asia	17	5	6	28
Latin America	2	12	9	23
Total	62	27	20	109

[9] Of the total of three countries for which a reclassification from "B" to "A" results from the application of the methodology, one would become an "A" country because, while the values of its indicators were below threshold levels as in the past, it is only now that its per capita GNP is lower than the minimum threshold level of $900. The remaining two would be reclassified as "A" because current data show that they now reach 4 or fewer of the proposed thresholds and have a per capita GNP lower than $900.

33. The results of the updated methodology show an overall reduction of countries falling into Group B and a correspondent increase in the number of "C" countries. This indicates that the scope of UNFPA's assistance will gradually become more focused in the future. The difference in the assistance required for Group B and that required for Group C countries is that the "C" countries necessitate a more concentrated effort in addressing a particular thematic issue or regional inequality than do countries classified in Group B. With the increase in the number of both "A" and "C" countries and the decrease of "B" countries, the new classification indicates that in the future, while maintaining an unchanged qualitative and quantitative support in favour of "A" countries, it is expected that UNFPA will provide increasingly focused thematic and/or geographic support to those developing countries that do not fall in category A.

34. In conclusion, the analysis of the performance of the current classification system indicates that the system succeeded in ensuring that appropriate resources were allocated to those countries in which the distance from achieving the ICPD goals was greatest and the level of development lowest. The updated methodology would also ensure that the ICPD+5 review would be appropriately reflected in the Fund's resource allocation system.

V. RESOURCES

35. In decision 2000/9, the Executive Board approved UNFPA's first multi-year funding framework (MYFF) for the period 2000-2003, a coherent framework that builds on clearly defined organizational results and a set of indicators to track progress towards achieving those results. It should be noted that the proposed resource allocation system is not a framework for monitoring results at the organizational level, which is the aim of the MYFF, but rather a fundamental tool for allocating the Fund's resources to country programmes. In addition, in determining the distribution of resources to individual countries other factors, including the size and growth rate of the population and the availability, if any, of external assistance from other donors, would be taken into account.

36. The table below presents the current and proposed share of resources by country group based on the approach to resource allocation in effect since 1996 and the updated methodology being proposed in this report. In the last column of the table, a share of resources for each of groups A, B and C is proposed. This share is based on the distribution of countries proposed through the updated methodology as well as on past expenditure trends and the need to ensure a gradual transition in resource adjustments from the current 1996 country categorization to the updated one. The slight shift of resources from "B" to "C" is due to the increase in the number of "C" countries and the reduction of "B" countries. With regards to "O" countries, it is proposed that the four new "O" countries be accorded a "grace period" for the period 2001-2005 during which they would receive a level of funding based on their 1996 classification. This would be in keeping with the spirit of Executive Board decision 99/2 on UNDP successor programming arrangements. The proposed share for "O" countries has been increased to

accommodate the resources that would be required for these new "O" countries during the proposed grace period.

Table 5: Current and proposed share of resources by country group

Groups	Current country classification			Updated country classification 2001-05		
	Countries	Share of population [a] %	Current resource share target (decision 96/15) %	Countries	Share of population %	Proposed resource share target [b] %
A	62 [c]	45	67-69	62	46	67-69
B	39	24	22-24	27	19	19-21
C	12	31	5-7	20	35	7-9
Total	113	100	100 [d]	109	100	100 [e]

a/ As per table 4, document DP/FPA/1996/15.

b/ The proposed resource share targets maintain the flexibility set forth in decision 96/15.

c/ Includes East Timor, which was not included in the 1996 categorization.

d/ Current system includes 3-4% to countries with economies in transition ("T") and 0.5% to other countries ("O") not included in this table.

e/ Proposed system includes 3-4% to countries with economies in transition ("T") and 1.5% to other countries ("O") not included in this table.

VI. ELEMENTS FOR A DECISION

37. The Executive Board may wish to:

(a) Take note of the report on the quinquennial review of the UNFPA approach for resource allocation to country programmes (document DP/FPA/2000/14);

(b) Endorse the approach for resource allocation contained in the report, including both the indicators and threshold levels towards meeting the goals of the International Conference on Population and Development (ICPD) as well as the indicators that address key actions for further implementation of the Programme of Action of the ICPD as contained in General Assembly resolution S-21/2;

(c) Reaffirm the procedure for categorizing countries into Groups A, B and C as outlined in the report and approve the relative shares of resources presented in table 5 of the report;

(d) Also reaffirm that 3 to 4 per cent of country programme resources be allocated, on a temporary basis, to countries with economies in transition and that 1.5 per cent be allocated to other countries;

(e) Recommend that the distribution of resources to individual countries be made in a flexible manner and in line with paragraph 7 above and the section of the paper titled "Resources";

(f) Request the Executive Director to undertake a further quinquennial review of the system for resource allocation, including an assessment of the indicators and their threshold levels, and to report to the Executive Board in the year 2005.

Annex: Indicators and sources for the updated resource allocation methodology (2001-2005)

Indicator	Definition/Source
Births with skilled attendants	This indicator is based on national reports of the proportion of births attended by "skilled health personnel or skilled attendants: doctors (specialists or non-specialists) and/or persons with midwifery skills who can diagnose and manage obstetrical complications as well as normal deliveries". Data are for the most recent year available. World Health Organization.
Contraceptive prevalence rate	Proportion of married women of reproductive age (aged 15-49) who are currently using any method of contraception. United Nations Population Division, *Levels and Trends of Contraceptive Use as Assessed in 1998* (1999).
Proportion of population aged 15-24 living with HIV/AIDS	Percentage of young people (M+F, aged 15-24) who test positive for HIV. UNAIDS, Table of country-specific HIV/AIDS estimates, June 2000.
Adolescent fertility rate	Number of annual births to women aged 15-19. Data are for the most recent year available. United Nations Population Division, *World Population Monitoring, 2000* (in draft).
Infant mortality rate	This indicator is defined as the annual number of deaths to infants aged under one year divided by the annual number of live births, usually expressed per 1,000. United Nations Population Division, *World Population Prospects: The 1998 Review*.
Maternal mortality ratio	Annual number of maternal deaths divided by the annual number of live births, usually expressed per 100,000. Data are for the most recent year available. The World Bank, *World Development Indicators, 2000*.

Adult female literacy rate	Proportion of women aged 15 or higher who are literate. Most recent available data. UNESCO, *Education for All: Status and Trends* series.
Secondary net enrolment ratio	Female secondary age group enrolment as percentage of male ratio, 1997. UNIFEM, *Targets and Indicators: Selections from Progress of the World's Women 2000,* based on 1999 data from UNESCO.
GNP per capita	GNP per capita is for the year 1998 from UNDP, *Human Development Report, 2000,* based on World Bank data (World Bank Atlas method).

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